1. Industry Revenues and Contributions

This section provides a general overview of the revenues of the U.S. telecommunications industry, and the contributions to the universal service support mechanisms that are based on these revenues.[1] Most of the data for 2000 are taken from filings of annual Telecommunications Reporting Worksheets (FCC Form 499-A) made with the Universal Service Administrative Company (USAC) on April 1, 2001.[2] Revenue data collected on these worksheets are utilized in the Commission's administration of the universal service fund (USF). Form 499-A data are also used for the Telecommunications Relay Service (TRS), North American Numbering Plan (NANP) and local number portability (LNP) programs, and used to calculate common carrier regulatory fees.[3] Data presented for 2001 are taken from May 1, 2001, August 1, 2001, November 1, 2001, and February 1, 2002 filings with USAC of quarterly Telecommunications Reporting Worksheets (FCC Form 499-Q).

Revenue Information

Universal service requirements include several mechanisms that help ensure that all Americans have access to affordable telecommunications service. In section 254(d) of the Telecommunications Act of 1996,[4] Congress mandated that "[e]very telecommunications carrier that provides interstate telecommunications services shall contribute, on an equitable and nondiscriminatory basis, to the specific, predictable, and sufficient mechanisms established by the Commission to preserve and advance universal service." The Commission implemented this mandate in a 1997 *Report and Order*.[5] The Commission subsequently selected USAC as the

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1 Portions of this section are based on Industry Analysis Division, Common Carrier Bureau, Federal Communications Commission, *Telecommunications Industry Revenues 2000* (January 29, 2002).

2 These filings are subject to subsequent revisions and are not made available to the Federal Communications Commission until several months later, after most of those revisions are made.

3 Much of the information filed on FCC Form 499-A is proprietary. Publicly available information on individual carriers is contained in Industry Analysis Division, Common Carrier Bureau, Federal Communications Commission, *Telecommunications Provider Locator* (November 2001). See also <gullfoss2.fcc.gov/cib/form499/499a.cfm>.

4 Pub. L. No. 104-104, 110 Stat. 56 *codified* at 47 U.S.C. §§ 151 *et seq*.

5 *See Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, 12 FCC Rcd 8776 (1997) (subsequent history omitted).

administrator. Telecommunications providers currently file FCC Form 499-A (Telecommunications Reporting Worksheets, due each April) and FCC Form 499-Q (Telecommunications Reporting Worksheets, due one month after the close of each calendar quarter.)

Virtually all providers of telecommunications must file FCC Form 499-A each year.[6] Telecommunications Reporting Worksheets are not filed directly with the FCC but rather with USAC, which serves as the data collection agent. The annual worksheets were due April 1, 2001, but some providers filed late or updated their filing after that date. Information from filings received after October 1, 2001 and from filings that were incomplete has been excluded from year 2000 data.[7]

FCC Form 499-A asks each filer to report total, interstate and international revenues in two broad categories: those billed to Universal Service contributors for resale (carrier's carrier revenues); and, those billed to *de minimis* telecommunications providers and end users (end-user revenues). Filers must provide further breakdowns of local, wireless, and toll services.[8] The form also asks each filer to choose the communications business that best describes its operations:[9]

- Competitive Access Provider (CAP) or Competitive Local Exchange Carrier (CLEC)

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6 There are certain exceptions. Providers that offer telecommunications for a fee exclusively on a non-common carrier basis are not required to file if their total annual contribution to universal service would be less than $10,000. Government entities that purchase telecommunications services in bulk on their own behalf, public safety and local government entities licensed under Subpart B of Part 90 of the Commission’s rules, entities providing interstate telecommunications exclusively to government or public safety entities, broadcasters and various non-profit entities are not required to file. Finally, systems integrators that derive less than 5% of their systems integration revenues from the resale of telecommunications and entities that provide services only to themselves or to commonly owned affiliates need not file.

7 The information in Tables 1.1 through 1.8 use year 2000 data because 2001 data from Form 499-A were not yet available to us as of April 30, 2002, the cut-off date for information contained in this report.

8 Telecommunications providers are considered *de minimis* and thus are not required to contribute to universal service (or file Form 499-Q) if their annual contributions to universal service would be less than $10,000. For universal service purposes, any underlying service providers treat *de minimis* firms as end users.

9 The detailed definitions of the filer categories are contained in section III.A of the *Instructions to the Telecommunications Reporting Worksheet, FCC Form 499-A* available at www.fcc.gov/Forms/Form499-A/499a.pdf.

- Cellular, Personal Communications Service (PCS) and Specialized Mobile Radio (SMR) Wireless Telephony Service Provider
- Incumbent Local Exchange Carrier (ILEC)
- Interexchange Carrier (IXC)
- Local Reseller
- Operator Service Provider (OSP)
- Other Local Service Provider
- Other Mobile Service Provider
- Other Toll Service Provider
- Paging and Messaging Service Provider
- Payphone Provider
- Private Service Provider
- Prepaid Calling Card Provider
- Satellite Service Provider
- Shared-Tenant Service Provider
- Specialized Mobile Radio - Dispatch
- Toll Reseller
- Wireless Data Service Provider

Filers are instructed to report amounts actually billed to customers. This means that filers should report revenues net of discounts, but without making adjustments to reflect uncollectible revenues or international settlement payments or receipts. Most filers should be able to report revenues in this manner using information contained in their corporate books of account. Some service providers, however, have no business or regulatory requirements to record intrastate or international revenues separately from interstate revenues, or to use the detailed revenue categories contained in the worksheets. Many wireless providers therefore use the interim safe harbor percentages to estimate the interstate portion of their revenues.[10]

Form 499-A filings sometimes contain mistakes. Initial examination of the data occasionally reveals carrier types, revenue amounts and/or revenues reported in service categories inconsistent with the known operations of the filer. Some corrections have been made based on supplemental filer information. Nonetheless, disaggregated data are likely to be less accurate than industry totals.

Table 1.1 shows the major components of telecommunications revenues for 2000. This table was created by simply aggregating the revenues in the major classifications designated on Form 499-A.

Tables 1.2 and 1.3 provide a look at annual industry revenues over time. Generally, Form 499-A revenue data can be tabulated in two distinct ways: by type of service provided and by type of business. Table 1.2 categorizes revenues by type of service and shows, for example, that carriers

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10 *See Instructions to the Telecommunications Reporting Worksheet, FCC Form 499-A* section III.C.3. available at www.fcc.gov/Forms/Form499-A/499a.pdf

reported $62.0 billion in wireless service revenues for 2000. This total includes wireless service revenues from some carriers that are not identified as wireless carriers. In contrast, Table 1.3 shows that wireless service providers reported total revenues of $63.3 billion, including some revenues for fixed local and toll services.

Revenue data shown for 1992 through 1996 were derived from information filed on TRS worksheets. Revenue data for 1997 and 1998 were derived by combining TRS worksheet and Universal Service worksheet data. 1999 revenue data come from Form 499-A, which replaced both the TRS and Universal Service worksheets. Because of reporting changes, data for 1997 through 2000 are not entirely consistent with data for prior years. For example, special access revenues were included with other access revenues prior to 1997 but have been included with local private line services since then. Similarly, through 1996, filers reported as other local and mobile revenues substantial amounts of customer premises equipment, billing and collection, and other types of revenues that are excluded from contributions to universal service. These revenues are now reported as non-telecommunications revenues. Both tables contain estimates of non-telecommunications revenues that had been reported in prior years. Based on staff estimates, the 1996 telecommunications revenues reported on TRS Worksheets would have been $10.5 billion lower if revenues had been reported using current instructions.

Some inconsistencies exist in the 1997 - 2000 period. For example, filers were required in 1997 to include inside wiring maintenance revenues as part of local exchange revenues. In 1998, filers were instructed to report these revenues as non-telecommunications service revenues. The local exchange service revenue data in Table 1.2 would show a greater increase from 1997 to 1998 if the same reporting instructions had been used for each year.

Note also that each year, many filers erroneously report substantial amounts of switched toll revenues as other long distance revenues. The data are examined and some revenues are reclassified based on staff research. Even so, the other long distance category of Table 1.2 probably continues to contain some switched toll revenues, perhaps significant amounts in some years.

Table 1.4 illustrates how data from the Form 499-A are used to develop the funding base for the USF.[11] As noted above, providers are considered *de minimis* for USF purposes if their annual contribution is expected to be less than $10,000. Otherwise, only those providers that are not carriers are not required to contribute.

Revenue data for individual filers are not available to the public. However, Tables 1.5 through 1.8 present detailed industry roll-ups by type of revenue and type of filer. Table 1.5 provides a detailed breakout of revenues for each of the Form 499-A revenue categories used to report services provided to other filers for resale. Table 1.6 displays similar detail for each of the revenue categories used to report telecommunications service provided to end users. Table 1.7

11 *See Telecommunications Industry Revenues 2000* for a comparison with the funding bases used for TRS, NANP, and LNP.

combines data from Tables 1.5 and 1.6 with data on non-telecommunications revenues to develop total industry revenues. Table 1.8 provides more aggregated revenue information by type of filers. The revenue categories presented in Tables 1.5 through 1.7 are explained in the Form 499-A filing instructions.

Table 1.9 presents data from quarterly filings of FCC Form 499-Q for 2001. Each page of this table displays one quarter of data in a manner analogous to Table 1.8. FCC Form 499-Q is far less detailed than Form 499-A. Since Form 499-Q filings do not include a business type, filers were categorized based on the business type selected on their Form 499-A filings. The quarterly form asks filers to identify revenues as carrier's carrier, contribution base end-user, or non-telecommunications and to indicate the interstate and international shares of each category. Unlike Form 499-A, the quarterly form does not require filers to attach revenues to the provision of specific types of services. Also, international-to-international revenues are included with non-telecommunications revenues rather than with end-user revenues. For presentation purposes, individual filer revenues were allocated between fixed local, mobile, and toll using the more detailed information collected on the 2000 Form 499-A.

The universal service rules prohibit the fund administrator from releasing company-specific information contained in Form 499-A and Form 499-Q worksheets.[12] Revenue data for individual filers are not available to the public.

Program Requirements and Contribution Factors

Carriers make payments into the universal service mechanism based on their interstate end-user revenues. Carriers report their revenue data to the Universal Service Administrator, which tabulates the data, and reports it to the Commission. The Commission reviews program requirements and revenue data, and then determines the appropriate contribution factor. The Commission's Wireline Competition Bureau (formerly known as the Common Carrier Bureau) then releases a public notice stating the proposed contribution factor for the upcoming quarter. If, after 14 days, the Commission takes no action regarding the proposed contribution factor, the factor becomes final.

On March 9, 2001, the Commission adopted a plan that modified the methodology used to determine payments that carriers make to the federal universal support mechanisms.[13] The revised methodology requires carriers to file revenue information quarterly rather than semiannually.[14] The

12 47 C.F.R. §54.711(b).

13 *See Federal-State Joint Board on Universal Service*, *Petition for Reconsideration filed by AT&T,* CC Docket No. 96-45, Report and Order and Order on Reconsideration, 16 FCC Rcd 5748 (2001).

14 Before the change, carriers filed revenue information twice a year. Carriers filed first half-

Commission sets the contribution factors based on the quarterly revenue information. Contribution factors are based on revenue information from the quarter that was half a year prior to the upcoming quarter. Accordingly, the interval between the accrual of revenues and assessment of contributions based on those revenues is approximately 6 months.[15] Prior to the adoption of the revised methodology, contributions were based on revenues from the prior year, resulting in an average interval of one year. Thus, the new methodology cut in half the interval between accrual of revenues and assessment of contributions based on those revenues. In addition to the quarterly revenue filings, carriers also file whole-year revenue information on April 1 of each year. This filing is used as an annual true-up.[16]

In order to accommodate the change in methodology, carriers were directed to file their calendar year 2000 revenue information as scheduled on April 2, 2001, and were then required to file their first quarter 2001 revenue information on May 11, 2001. Based on that information, the Commission set the contribution factor for the third quarter of 2001. In general, revenue data for the first through fourth quarters of each year are due the following May 1, August 1, November 1, and February 1, respectively.

Table 1.10 shows the program funding requirements for 2001 and the first half of 2002. For each program and for each quarter, the table lists projected program demand, administrative costs, interest income, and periodic true-ups. The table also shows the revenue base and contribution factors for each quarter. The Commission reduces the amounts in the contribution bases by 1% to reflect the fact that some contribution assessments may prove uncollectible. As mentioned above, the first two contribution factors in 2001 were based on revenues from the first half of the year 2000, but subsequent contribution factors are based on revenues filed two quarters prior.

Table 1.11 shows universal service disbursements on a mechanism-by-mechanism basis for 2001.[17] The schools and libraries mechanism and the rural health care mechanism operate on a school year basis rather than a calendar year basis, so for the purposes of Table 1.11, Funding Year

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year revenues on September 1, and then filed whole-year revenues the following April 2. The first half-year revenues were used to determine the contribution factor for the first two quarters of the following year. The second half-year revenues (which equaled whole-year revenues minus the first half-year revenues) were used to determine the contribution factor for the last two quarters of the following year.

15 For example, the second quarter revenues will be used to calculate the fourth quarter contribution factor, and so on.

16 True-ups enable carriers to correct their revenue filings, if necessary.

17 Figures in Table 1.11 are lower than those in Table 1.10 due to the difference between projected demand and actual disbursements.

2000 (July 1, 2000 through June 30, 2001), disbursements were used for these two mechanisms. For these two mechanisms, the bulk of Funding Year 2000 disbursements were made in calendar year 2001. Chart 1.1 shows the same information graphically.

Table 1.12 shows, on a state-by-state basis, the total amount of funding disbursements for each of the universal service mechanisms, estimated contributions towards universal service, and the net estimated dollar flow (disbursements less estimated contributions).[18] This table represents an aggregation of the information in Tables 2.13, 3.19, 4.4b, and 5.3b.

Technical Appendix

Carrier revenue information is not reported on a state-by-state basis. Therefore, it is necessary to estimate revenues per state in order to derive contributions made per state.

The nationwide sum of contributions to support universal service is equal to the payments made from USAC to carriers for universal service mechanisms plus administration costs. Contributions on a per-state basis are computed by multiplying nationwide contributions by the ratio of interstate end-user revenues in each state to nationwide interstate end-user revenues. Estimates of interstate end-user revenues for 2000 by state are reported in Table 1.13. Each state's share of interstate end user revenues is reported in Table 1.12.[19]

The remainder of this appendix provides a detailed description on how revenues are allocated to the states. Tables 1.5 and 1.6 present nationwide data on telecommunications revenues derived from information filed on Form 499-A Telecommunications Reporting Worksheets. Nationwide (cumulative) telecommunications revenues from these tables are divided into categories. These categories are incumbent local exchange carriers' (ILECs) local exchange service revenues, CLEC revenues, subscriber line charge revenues, access revenues, mobile wireless revenues and toll revenues.[20] Table 1.14 presents telecommunication revenues for each of these categories at the nationwide level.

As set forth below, once the revenues are divided into categories, we use data from several sources to estimate each state's telecommunications revenues. Data from the *Statistics of Communications Common Carriers* are used to estimate on a state-by-state basis incumbent local

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18 For a discussion of the methodology used to estimate contributions per state, see the Technical Appendix below and Table 1.13.

19 State's share of interstate end-user revenues are reported under the heading percent of total estimated contributions.

20 The notes in Table 1.14 discuss how revenues from Tables 1.5 and 1.6 are assigned to categories in Table 1.14.

exchange carriers' (ILECs) local exchange service revenues, access revenues, and toll revenues.[21] Data from tariff access filings with the FCC are used to estimate subscriber line charge (SLC) revenues. CLEC revenues and mobile wireless revenues are estimated on a state-by-state basis using data from FCC Form 477.

Table 1.15 shows intrastate carrier's carrier, end-user and total telecommunication revenues by category for ILECs' local exchange service, CLECs, wireless, access, ILEC toll, and non-ILEC toll.[22] Components of interstate carrier's carrier, end-user and total telecommunications revenues are presented in Table 1.16. These components include ILECs, CLECs, wireless, SLCs, access, and toll.[23]

Data from the most recent *Statistics of Communications Common Carriers* are adjusted prior to allocating nationwide revenues to the states. Data compiled in the *Statistics of Communications Common Carriers* include those incumbent local exchange carriers (ILECs) with annual operating revenues over $114 million for year-end 1999. The *Statistics of Communications Common Carriers* revenue data represent approximately 93 percent of the local telephone industry based on USF loops. Here, data from the *Statistics of Communications Common Carriers* are expanded to include the entire ILEC industry based on USF loops. Column 1 of Table 1.17 shows USF loops at year-end 2000. Column 2 shows the percent of the ILEC industry that is included in the tables in the *Statistics of Communications Common Carriers*. It is the average for year-end 1999 and 2000 data.[24] The adjustment formula in Column 3 is (100/Column 2).

In Table 1.18, ILECs' local exchange revenues are allocated based on local exchange service and miscellaneous revenues from Table 2.13 of the latest *Statistics of Communications Common Carriers*. Local exchange revenues for allocation are the product of reported ILECs' local exchange

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21 Revenues for Alaska, Guam, the Northern Mariana Islands, and the Virgin Islands are not estimated using data from the *Statistics of Communications Common Carriers* because these jurisdictions have no telephone companies subject to the FCC's Automated Reporting Management Information System (ARMIS) 43-01 and 43-08 reporting requirements.

22 Estimated intrastate telephone revenues for Alaska, Guam, the Northern Mariana Islands, and the Virgin Islands are determined by multiplying the nationwide average intrastate telephone revenues per loop by number of loops in the jurisdiction.

23 Estimated interstate telephone revenues for Alaska, Guam, the Northern Mariana Islands, and the Virgin Islands are determined by multiplying the nationwide average interstate telephone revenues per access minute by number of access minutes in the jurisdiction.

24 *See* Table 5.1 of the Industry Analysis Division, Common Carrier Bureau, *Statistics of Communications Common Carriers, 2000/2001 Edition,* for year-end 1999 data.

service and miscellaneous revenues and the adjustment formula in Table 1.17. Allocation percentages in each state are the ratio of the state's allocation revenues to nationwide revenues. Local exchange revenues by type are determined by multiplying the allocation factor by the type of revenues. (See Table 1.14).

In Table 1.19, we allocate interstate and intrastate CLEC revenues on a state-by-state basis by multiplying national revenues (See Table 1.14) by an allocation percentage. For those states with publicly available data on CLEC lines, the allocation percentage is determined by dividing the number of CLEC lines as reported in FCC Form 477 by nationwide CLEC lines.[25] It is more difficult to determine the allocation percentage for states for which CLEC line counts are withheld to protect firm confidentiality. For these states, the allocation percentage is the product of the following two percentages: 1) the percentage of nationwide CLEC lines that are in states in which CLEC line totals are not reported, and 2) the ratio of personal income in the state as compared to personal income in all states in which CLEC lines are not reported. Data on personal income is from the 2000 *Statistical Abstract of the United States*.[26]

In Table 1.20, we allocate interstate and intrastate mobile wireless revenues on a state-by-state basis by multiplying national revenues (See Table 1.14) by an allocation percentage. For those states with publicly available data on mobile wireless subscribers, the allocation percentage is determined by dividing the number of wireless subscribers as reported FCC Form 477 by nationwide wireless subscribers. It is more difficult to determine the allocation percentage for states for which wireless subscriber counts are withheld to protect firm confidentiality. For these states, the allocation percentage is the product of the following two percentages: 1) the percentage of nationwide wireless subscribers that are in states in which wireless subscriber totals are not reported, and 2) the ratio of personal income in the state as compared to personal income in all states in which wireless subscribers are not reported. Data on personal income is from the 2000 *Statistical Abstract of the United States*.[27]

SLC revenues are allocated by state in Table 1.21. The sum of residential non-lifeline lines (including both primary and non-primary lines) and single-line business lines are estimated by multiplying residential non-lifeline lines and single-line business lines from Table 2.19 of the latest *Statistics of Communications Common Carriers* by the adjustment factor from Table 1.17. Column

25 *See* <www.fcc.gov/Bureaus/Common_Carrier/Reports/FCC-State_Link/IAD/CLEC_Aggregate_June_2001.xls>.

26 See Tables 726 and 1339 of the Bureau of the Census's, *Statistical Abstract of the United States: 2000*.

27 See Table 10 of Wireline Competition Bureau, Industry Analysis Technology Division's, *Local Telephone Competition: Status as of December 31, 2001,* and Table 726 of the Bureau of the Census's, *Statistical Abstract of the United States: 2000*.

1 shows primary residential lines and single-line business lines which is the difference between total residential and single-line business lines, and non-primary lines. Non-primary residential lines are estimated by multiplying the percentage of non-primary lines by the sum of residential non-lifeline lines and single-line business lines reported in Table 2.19 of the *Statistics of Communications Common Carriers.*[28] Multiline business lines (Column 3) are estimated for the industry by multiplying the number of lines in Table 2.19 of the *Statistics of Communications Common Carriers* by the adjustment factor in Table 1.17.

Primary residential and single-line business lines SLC rates per month, shown in Column 4 are the weighted average of rates filed in the Tariff Review Plan (TRP) for price-cap carriers from the January 2000 and June 2000 filings and from NECA pool and rate-of-return carriers.[29] Non-primary SLC revenues per line per month for price-cap companies, shown in Column 5, are the weighted average of rates filed in the TRPs from the January of 2000 and July of 2000 filings. Multiline business SLC rates per line per month in each state, shown in Column 6, are estimated based on the rates in the January 2000 and July 2000 TRP filings for price-cap companies and from NECA pool and rate-of-return carriers.[30]

Revenues used for allocating SLC revenues by state are determined by the following formula: 12 * [primary residential and single-line business SLC per line per month * (primary residential lines and single-line business lines) + multiline business SLC per line per month * (multiline business lines) + non-primary lines * non-primary SLC per line per month]. Allocation percentage in each state is the ratio of the state's allocation revenues to nationwide revenues. SLC revenues are determined by multiplying the allocation factor by the type of revenues. (See Table 1.14.)

In Table 1.22, interstate access revenues and private line revenues are allocated on a state-by-state basis based on net access revenues. Gross access revenues for allocation are the product of interstate access revenues from Table 2.13 of the latest *Statistics of Communications Common*

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28 Carriers that are not subject to price-cap regulation charge the same rate for a customer's first line as they do for additional lines. Staff estimated the percentage of non-lifeline residential and single-line business lines that are charged the non-primary access rates based on data that the Commission receives from access filings from price-cap carriers. Our estimates of non-primary lines are computed using data from the Tariff Review Plan (TRP). Thus, our estimates assume that the percent of BellSouth's non-primary lines are the same in each of its states.

29 Carrier USF loop counts are used as weights. We assume that the residential SLC for NECA pool and rate of return carriers is $3.50.

30 The rates of NECA pool carriers and rate-of-return carriers are assumed to be $6.00 per month per line.

Carriers and the adjustment formula presented in Table 1.17. Revenues for allocation are the difference between gross access revenues for allocation and subscriber line charge revenues. Allocation percentages in each state are the ratio of the state's allocation revenues to nationwide revenues. Access revenues by type are determined by multiplying the allocation factors by the type of revenues. (See Table 1.14.)

In Table 1.23, intrastate access revenues are allocated between states based on intrastate access revenues from Table 2.13 of the latest *Statistics of Communications Common Carriers.* Intrastate access revenues for allocation are the product of these access revenues and the adjustment formula in Table 1.17. Allocation percentage in each state is the ratio of the state's allocation revenues to nationwide revenues. Access revenues by type are determined by multiplying the allocation factor by the type of revenues. (See Table 1.14.)

Table 1.24 shows ILEC toll revenues of large ILECs reported in Table 2.13 of the *Statistics of Communications Common Carriers*, and ILEC intrastate toll revenues.[31] ILEC intrastate toll revenues are the product of ILEC reported revenues and the adjustment formula in Table 1.17.

Table 1.25 shows how non-LECs' intrastate toll revenues are allocated between states based on intrastate access minutes and intrastate access revenues.[32] Non-LEC toll is the difference between intrastate toll revenues and LEC toll revenues.[33] Intrastate toll revenues are reported in Table 1.14, and LEC toll revenues are reported in Table 1.24. Column 1 shows access minutes for allocation. Access minutes for allocation are the product of intrastate-interLATA access minutes from Table 2.5 of the latest *Statistics of Communications Common Carriers* and the adjustment formula in Table 1.17. Column 2 shows each state's percentage of intrastate access minutes. Column 3 shows each state's percentage of intrastate access revenues.[34] The allocation percentages for non-LECs' intrastate toll revenues, presented in Column 4, are (75% * Column 2) + (25% * Column 3). Intrastate toll revenues by type presented in Columns 5 and 6 are determined by multiplying the allocation percentage by the type of revenues.

In Table 1.26, interstate toll revenues are allocated on a per state basis by interstate access minutes. Access minutes for allocation are the product of interstate-interLATA access minutes from Table 2.5 of the latest *Statistics of Communications Common Carriers* and the adjustment formula in Table 1.17. The allocation percentages are each state's percentage of interstate access minutes.

31 ILECs' toll revenues are assumed to be intrastate revenues.

32 Intrastate access revenues are a proxy for intrastate toll rates.

33 We assume that all LEC toll revenues are end-user revenues.

34 Intrastate access revenues are reported in Table 1.23. Non-LEC toll is the difference between intrastate toll revenues and LEC toll. LEC toll is assumed to be end-user toll. Intrastate toll revenues are reported in Table 1.14 and LEC toll in Table 1.24.

Interstate toll revenues by type presented are determined by multiplying the allocation percentage by the type of revenues. (See Table 1.14.)